Sanitized Copy Approved for Release 2010/06/16: CIA-RDP90-00806R000200920012-5

REUTERS
23 February 1983

WASHINGTON
By WILLIAM SCALLY

Secretary of State George Shultz today defended an administration plan to promote democracy around the world as members of Congress voiced doubts about its organization, aims and effectiveness.

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Shultz formally asked Congress for \$65 million next year for "Project Democracy," an outgrowth of President Reagan's speech to the British Parliament last June in which he pledged a U.S. effort to strengthen democratic institutions.

Several members of a House Foreign Affairs subcommittee expressed concern about the project, one warning that some countries would regard it as "mischief making."

Shultz strongly supported the plan, in which non-government organizations also would be heavily involved, as "a project of great urgency."

The project will involve training in democracy for present and future foreign leaders, exposure of educational systems to democratic principles, strengthening institutions such as parties and trade unions, disseminating ideas and information and developing ties between U.S. and foreign organizations.

Congressman Joel Pritchard, a Washington State Republican, told Shultz that Arab nations and countries in Africa and Asia "are going to look at this thing as a destabilizing factor in the world ... as sort of mischief making."

He added: "The more I look at this thing, the more nervous I become."

Robert Kastenmeier, a Wisconsin Democrat, called the program a multimillion dollar American propaganda effort and said: "We are only asking for trouble if we proceed."

Suggesting that the United States would find it difficult to promote democracy in the face of governmental opposition in some countries, he asked if democratic leaders in Chile, for instance, would be invited to participate.

Shultz replied that the program was not one of subversion and that the Central Intelligence Agency (CIA) would have no role in it.

The fact that it had been attacked by Tass, the Soviet news agency, he said, "gives us some encouragement we are on the right track."

He said the plan was to support ideas, rather than any particular political party and told Pritchard: "Don't be nervous about democracy, about holding that torch up there."

Subcommittee chairman Dante Fascell, a Florida Democrat, described the fundamental premise of the plan as sound but had problems with its organization in the government bureaucracy.